

STATE OF WASHINGTON
GAMBLING COMMISSION

In the Matter of the Revocation of the)
License to Conduct Gambling)
Activities of:)
)
I'll Show You Investments, LLC)
d/b/a Minns Club)
East Wenatchee, Washington,)
)
Licensee.)
_____)

No. CR 2011-00240

**NOTICE OF ADMINISTRATIVE
CHARGES AND OPPORTUNITY
FOR AN ADJUDICATIVE
PROCEEDING**

RICK DAY alleges as follows:

I.

He is the Director of the Washington State Gambling Commission and makes these charges in his official capacity.

II.

Jurisdiction of this proceeding is based on chapter 9.46 RCW, Gambling, chapter 34.05 RCW, the Administrative Procedure Act, and WAC Title 230.

III.

The Washington State Gambling Commission issued I'll Show You Investments, LLC, d/b/a Minns Club, organization number 00-21152, located at 845 Valley Mall Pkwy, East Wenatchee, the following license:

Number 05-20502, Authorizing Class "D" Punchboard/Pull-tab Activity.

The license, which expires on December 31, 2011, was issued subject to the licensee's compliance with state gambling laws and regulations.

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IV.

SUMMARY:

I'll Show You Investments, LLC, d/b/a Minns Club, obtained its license by fraud, misrepresentation and concealment. The licensee failed to disclose two owner/substantial interest holders. The licensee also failed to disclose that certain individuals contributed investments and loans to the licensee.

FACTS:

- 1) The licensee first received a punchboard/pull-tab license in early 2007. The licensee's application listed Cory Criss as 100 percent owner and president of I'll Show You Investments, LLC, d/b/a Minns Club. The only listed sources of funds were \$13,884 in cash from Cory Criss and a credit union loan in the amount of \$145,000. No other interest holders or lenders were listed. This identical ownership information was reiterated in subsequent renewals.
- 2) A Commission Special Agent (agent) began investigating after receiving information about William "Shawn" Minton, a possible hidden owner involved with Minns Club.
- 3) On February 24, 2011, the agent met with Minns' previous owner, Jack Cooper, about his understanding of the relationship between Mr. Minton and Minns Club:
 - Mr. Cooper informed the agent that Shawn Minton is the DJ and Night Manager at Minns Club.
 - Mr. Minton has outstanding student loans and "IRS issues" according to multiple sources. His paycheck has been garnished for these reasons and he has no personal bank accounts.
 - Mr. Minton is the recipient of a large insurance settlement from a motorcycle accident and is paid intermittently. From 2006 through 2008, his insurance settlement checks were deposited in the account of Courtney Minton, his wife at the time.
 - Before Mr. Criss purchased Minns from Mr. Cooper in 2007, Mr. Minton had attempted to purchase Minns with an attorney from California.
 - Although this business arrangement did not materialize, Mr. Cooper understood that Mr. Minton was Mr. Criss' partner in the 2007 purchase of Minns.
- 4) Patricia Cooper, Jack Cooper's wife, told the agent she introduced both Mr. Criss and Mr. Minton as the new Minns' owners at an employee party in 2007. Mr. Cooper believed that Mr. Minton's name could not show on any financial or business documents because of his debt and finances.

- 5) In order to finalize the sale of Minns, Mr. Cooper held a promissory note for \$35,000. I'll Show You Investments, LLC, was responsible for repaying the note. The note was not disclosed in Mr. Criss' application for a gambling license for Minns. In August 2008, Courtney and Shawn Minton gave Mr. Cooper a \$35,000 cashier's check paying off the promissory note.
- 6) On February 17, 2011, the agent met with Courtney Minton, Mr. Minton's ex-wife. Ms. Minton told the agent that the \$35,000 cashier's check was issued at Shawn's request after his insurance proceeds had passed through her bank account. Ms. Minton provided her banking records to the agent, which reflect deposits of two settlement checks in the name of William Minton. The first check was dated July 27, 2006, in the amount of \$45,000, and the second was dated July 22, 2008, in the amount of \$73,219. Ms. Minton informed the agent that she withdrew money in August 2006, and purchased a \$30,000 cashier's check payable to Cory Criss towards the purchase of Minns. In August 2008, Ms. Minton withdrew \$40,406, which she gave to Shawn because he needed the money for Minns. It was Ms. Minton's understanding and belief that the Mintons were partners in Minns beginning with the purchase in 2007.
- 7) Mr. Cooper informed the agent that Mr. Criss asked him for a second loan to complete a kitchen remodel. Mr. Cooper declined. Instead, Chad Redick, a local pizza chef invested in Minns when he took out a \$14,000 loan from Wenatchee attorney Paul Cassel in 2008 to do a kitchen remodel at Minns. The note shows Shawn Minton as a debtor and co-signor on the note. The agreement shows that the loan is for the purpose of kitchen equipment for use at Minns. This loan was never disclosed by Minns to the Gambling Commission.
- 8) On April 7, 2011, the agent spoke to Mr. Redick. Mr. Redick informed the agent that he believed he entered into a partnership with Mr. Criss and Mr. Minton in a pizza business operating in the Minns' kitchen. Mr. Redick believes Mr. Criss paid off the \$14,000 loan to Mr. Cassel, which paid for the Minns' pizza kitchen upgrade. Mr. Redick informed the agent that he knew Mr. Minton had invested heavily in all of Minns' business operations. Mr. Minton explained to Mr. Redick that he co-signed the kitchen loan because he wanted to be a part of the entire business operations of Minns, including the pizza business. Mr. Criss terminated the pizza agreement prior to Mr. Redick seeing any profit sharing. Mr. Redick added that he believed that Cory Criss pulled money out of the restaurant business to help finance the poker room, and so that the pizza business would not show a profit on paper. Mr. Redick also informed the agent that Mr. Criss texted him with instructions not to talk to the Special Agent from the Gambling Commission.
- 9) On March 23, 2011, the agent made a visit to Minns to speak with Mr. Criss. Mr. Criss said he knew what was going on and he wanted his attorney, Paul Cassel, to be present. Later that day, the agent spoke to Mr. Minton by phone and requested a similar meeting. Mr. Minton also decided to wait until his attorney, also identified as Paul Cassel, was available to schedule a meeting.
- 10) The agent met with Mr. Criss on April 8, 2011. Mr. Criss was accompanied by his girlfriend, Cassandra Bullis, and his attorney Paul Cassel. Mr. Criss denied that Mr. Minton was a

partner or investor in Minns. Mr. Criss stated to the agent that he did not think the Cooper promissory note was relevant or important. When the agent asked why Mr. Criss did not disclose the loan from Mr. Cassel for the kitchen remodel, Mr. Cassel stated that he would have to dismiss himself from representing Mr. Criss due to a potential conflict of interest. The interview then concluded without Mr. Criss responding to the question. A meeting with the agent and Mr. Minton did not take place.

11) The agent interviewed a number of Minns' former employees. They reported to the agent as follows:

- Cheryle Page, a former employee at Minns', told the agent she believed Mr. Criss and Mr. Minton were both owners and partners in Minns. Ms. Page was present at the employee meeting where the Coopers introduced Mr. Criss and Mr. Minton as the new owners. Ms. Page also recalled an incident where Mr. Minton told the employees that he had invested his life savings in the business.
- Kim Miranda, a former employee at Minns, stated that at an employee meeting Mr. Criss told the employees to tell the Gambling Commission that Mr. Minton was not an owner, as he was a silent partner. Ms. Miranda also recalled Mr. Minton stating that all of his money was invested in Minns.
- Michael Raymer, Minns' former card room manager, was told by Mr. Minton that he was a 48% owner of Minns, including the poker room. Mr. Raymer said he questioned Mr. Criss about this and that Mr. Criss confirmed the information. Mr. Criss also told Mr. Raymer that Mr. Minton was not included as an owner with the Gambling Commission, and that they had "covered their tracks" in that regard.
- Michelle Sturdevant, a former Minns' employee, informed the agent that although she had heard rumors that Mr. Minton was a partner in Minns, she saw no evidence of that ownership.

12) The agent also reviewed copies of bank records from Mr. Cooper, Ms. Minton and Mr. Redick, as well as the \$35,000 promissory note to Mr. Cooper and the \$14,000 Redick-Minton-Cassel loan documents.

VIOLATIONS:

1) RCW 9.46.075(1), (3), (7), and (8) provide the Commission may revoke any license or permit issued by it, for any reason or reasons, it deems to be in the public interest. These reasons shall include, but not be limited to, cases wherein the licensee, or any person with any interest therein:

(1) Has violated, failed or refused to comply with the provisions, requirements, conditions, limitations or duties imposed by chapter 9.46 RCW and any amendments thereto, or any rules adopted by the Commission, or when a violation of any provision of chapter 9.46 RCW, or any Commission rule, has occurred upon any premises occupied or operated by any such person or over which he or she has substantial control;

(3) Has obtained a license or permit by fraud, misrepresentation, or concealment;

(7) Makes a misrepresentation of, or fails to disclose, a material fact to the Commission;

(8) Fails to prove, by clear and convincing evidence, that it is qualified in accordance with the provisions of this chapter. RCW 9.46.153(1) provides that it shall be the affirmative responsibility of each licensee to establish by clear and convincing evidence the necessary qualifications for licensure of each person required to be qualified under this chapter, as well as the qualifications of the facility in which the licensed activity will be conducted.

2) RCW 9.46.153(1), (3), and (4) provide that:

(1) It shall be the affirmative responsibility of each applicant and licensee to establish by clear and convincing evidence the necessary qualifications for licensure of each person required to be qualified under this chapter, as well as the qualifications of the facility in which the licensed activity will be conducted;

(3) All licensees, and persons having any interest in licensees, including but not limited to employees and agents of licensees, and other persons required to be qualified under this chapter or rules of the commission shall have a duty to inform the commission or its staff of any action or omission which they believe would constitute a violation of this chapter or rules adopted pursuant thereto. No person who so informs the Commission or the staff shall be discriminated against by an applicant or licensee because of the supplying of such information;

(4) All applicants, licensees, persons who are operators or directors thereof and persons who otherwise have a substantial interest therein shall have the continuing duty to provide any assistance or information required by the commission and to investigations conducted by the commission. If, upon issuance of a formal request to answer or produce information, evidence or testimony, any applicant, licensee or officer or director thereof or person with a substantial interest therein, refuses to comply, the applicant or licensee may be denied or revoked by the commission;

The licensee, Minns, violated gambling laws and Commission rules by failing to disclose that Shawn Minton and Chad Redick were substantial interest holders or owners of the licensee, and that Mr. and Ms. Minton contributed at least \$65,000 to the licensee between 2007 and 2008. Also, Minns had signed a promissory note with Jack Cooper, and a loan in the amount of \$14,000 that was made for the benefit of Minns to Mr. Minton and Mr. Redick. Minns obtained a license by fraud, misrepresentation, or concealment by failing to disclose that Shawn Minton and Chad Redick were owners or substantial interest holders of the licensee, and by failing to disclose the loan and the note. The licensee has failed to establish by clear and convincing evidence that it is qualified to hold a license, as required by RCW 9.46.153(1). The licensee also failed to cooperate with the agents' investigation by instructing Mr. Redick not to speak to the agent, a violation of RCW 9.46.153 (3) and (4). Grounds exist to revoke Minns Club's license based on RCW 9.46.075 (1), (3), (7) and (8), and WAC 230-03-085 (1) and (8).

3) WAC 230-03-085(1) and (8) provide that the Commission may revoke any license or permit when the licensee, or anyone holding a substantial interest in the licensee's business or organization:

(1) Commits any act that constitutes grounds for revoking licenses or permits under RCW 9.46.075; or

(8) Poses a threat to the effective regulation of gambling, or creates or increases the likelihood of unfair or illegal practices, methods, and activities in the conduct of gaming activities, as demonstrated through the person's prior activities, criminal record, reputation, habits, or associations.

The licensee violated gambling laws and Commission rules regarding disclosure of all persons holding an interest in the operation or management of its business. The licensee also poses a threat to the effective regulation of gambling, or creates or increases the likelihood of unfair or illegal practices, methods, and activities in the conduct of gaming activities, as demonstrated through the licensee's failure to disclose Shawn Minton and Chad Redick's ownership and/or interest in the licensee. Grounds exist to revoke Minns Club's license based on RCW 9.46.075 (1), (3), (7) and (8), and WAC 230-03-085(1) and (8).

4) RCW 9.46.170 provides that whoever, in any application for a license or in any book or record required to be maintained by the Commission or in any report required to be submitted to the Commission, shall make any false or misleading statement, shall be guilty of a gross misdemeanor subject to the penalty set forth in RCW 9A20.021.

The licensee failed to disclose Mr. Minton's ownership interest in Minns, in violation of RCW 9.46.170. Grounds exist to revoke Minns Club's license based on RCW 9.46.075 (1), (3), (7) and (8), and WAC 230-03-085(1) and (8).

5) WAC 230-03-045(1) defines a substantial interest holder as a person who has actual or potential influence over the management or operation of any organization, association, or other business entity.

(2) Evidence of substantial interest may include, but is not limited to:

- (a) Directly or indirectly owning, operating, managing, or controlling an entity or any part of an entity; or
- (b) Directly or indirectly profiting from an entity or assuming liability for debts or expenditures of the entity.

The licensee made false or misleading statements on its license application by failing to disclose that Shawn Minton and Chad Redick were owners or substantial interest holders of Minns. The agent found \$65,000 paid for the benefit of Minns, which came from Shawn Minton's personal insurance settlement between 2007 and 2008. Mr. Redick's interest was shown by the Cassel loan documents and Mr. Redick's own statements. Other evidence of Mr. Minton's substantial interest came from past employees statements to agents:

- Cheryle Page, a former employee at Minns, told the agent that she believed Mr. Criss and Mr. Minton were both owners and partners in Minns. Ms. Page was present at the employee meeting where the Coopers introduced Mr. Criss and Mr. Minton as the new owners. Ms. Page also recalled an incident where Mr. Minton told the employees that he had invested his life savings in the business.
- Kim Miranda, a former employee at Minns, stated that at an employee meeting Mr. Criss told the employees to tell the Gambling Commission that Mr. Minton was not an owner, because he was a silent partner. Ms. Miranda also recalled Mr. Minton stating that all of his money was invested in Minns.
- Michael Raymer, Minns former card room manager, was told by Mr. Minton that he was a 48% owner of Minns, including the poker room. Mr. Raymer said he questioned Mr. Criss about this and that Mr. Criss confirmed the information. Mr. Criss also told Mr. Raymer that Mr. Minton was not included as an owner with the Gambling Commission, and that they had "covered their tracks" in that regard.

The licensee failed to disclose that Mr. Minton and Mr. Redick directly or indirectly owned, operated, managed, or controlled Minns, that Mr. Minton directly or indirectly profited from Minns, and that Mr. Minton had assumed liability for debts or expenditures of Minns. This conduct violated RCW 9.46.170. Grounds exist to revoke Minns Club's license based on RCW 9.46.075 (1), (3), (7) and (8), and WAC 230-03-085 (1) and (8).

6) WAC 230-06-080(1) and (2) provide:

(1) Licensees must notify us in writing if any information filed with the application changes in any way within thirty days of the change.

(2) Licensees must submit to us any new or updated documents and information, including the following:

- (b) All oral or written contracts and agreements which relate to gambling activities or alter the organizational structure of the licensee's organization or business activities in Washington; and
- (c) All cash or asset contributions, draws from lines of credit, and loans (except those from recognized financial institutions) during any calendar year which by themselves or totaled together are more than ten thousand dollars. Cash or asset contributions do not include donations to licensed charitable or nonprofit organizations.

When the licensee filed its application, the licensee failed to disclose that Shawn Minton was an owner or substantial interest holder and that Mr. Minton, Mr. Cooper and Mr. Cassel had contributed significant monies to the licensee.


This conduct violated WAC 230-06-080(1) and (2). Grounds exist to revoke Minns Club's license based on RCW 9.46.075(1), (3), (7) and (8), and WAC 230-03-085(1) and (8).

The charges specified in paragraph IV above constitute grounds for revoking the gambling license issued to the Minns Club under RCW 9.46.075 and WAC 230-03-085.

The licensee shall have the opportunity to have a hearing on the alleged violations.

Based on RCW 34.05.440 and WAC 230-17-010, failure to return a request for hearing will result in the entry of a default order REVOKING YOUR LICENSE.

Rick Day, being duly sworn on oath, says: That he has read this Notice of Administrative Charges and Opportunity for Adjudicative Proceeding, knows the contents of it, and believes it to be true, and that he is the Director of the Washington State Gambling Commission and in that capacity has executed said Notice of Charges.


Rick Day, Director

SUBSCRIBED AND SWORN TO before
me this 25 day of May, 2011.

NOTARY PUBLIC in and for the State of
Washington residing at: Olympia
My commission expires on 7-12-11



CR 2011-00240